

COLVER WOULD END EXCESS PROFITS TAX

Advances Strong Reasons for Repeal of Wasteful and Unnecessary Law.

FORMS ENDLESS SPIRAL

Originated to Equalize War Price Fixing Conditions, It Has Been Failure.

Special Dispatch to THE SUN.
WASHINGTON, Nov. 30.—The tall should follow the hide," was the conclusion today by Federal Trade Commissioner William B. Colver, after he had given THE SUN, in an extensive interview, his reasons for urging the repeal of the excess profits tax.

"Since, as a matter of fact, the excess profits tax was created as an equalizer in cases of price fixation and since prices are no longer fixed even that reason for its continuance is removed. I believe it would be a good thing if the excess profits tax law could be repealed to-day. Experience seems to have demonstrated that the excess profits tax is one of the foundation stones upon which the present intolerable price structure has been reared, and which works such hardship both upon the consuming public and so of course upon the business public.

"In the beginning the excess profits tax, as I understand it, was not a revenue device at all. During the war, when it became necessary to fix prices, it was found that there was a wide range in the cost of production of the same commodity between the high cost operations and the low cost operations. So long as the theory of fixing a single price was adhered to it was necessary to fix that price high enough to bring into production the needed output of the high cost operation.

"The excess profits tax was proposed as a means whereby undue profits which might accrue to low cost operations could be covered back into the Treasury to provide in part the money with which the Government could pay the high fixed price. In other words, the theory was that by taking back 30 or 50 or 60 or 80 cents out of a dollar of undue profits a condition of private profiteering would be avoided. I do not think it has worked out that way. It seems to me that it has been an attempt to lift oneself by his bootstraps and losing 70 or 80 or 40 or 20 per cent. of the energy so employed. The inevitable result has been in aid of the creation of a price structure intolerable both to the producer and the consumer."

Helps Boost Cost of Living.

Mr. Colver holds that the excess profits tax is a contributing cause to the high cost of living.

"It seems quite clear," he continued, "that one of the chief contributing causes to the high cost of living is the excess profits tax. Certainly the excess profits tax is both a burden and a temptation. Is it not true that the excess profits tax boosts costs, raises prices, hampers production, breeds waste, extravagance and inefficient business methods and raises the cost of living? I think so. There never was a worse device invented than the scheme of 'cost plus' and the excess profits tax is in its essence a cost plus arrangement. Under a cost plus arrangement say of 10 per cent. profit on cost one can increase his profit by one dollar only by wasting nine other dollars and we have that curious and impossible situation of attempting to create wealth by wasting it.

"In the excess profit tax when a concern has reached beyond what is considered to be its normal unprofitableness the surplus is partly taken from it by increasing percentages. What follows? Waste and extravagance, or an effort to make as much profit with the excess profit tax in operation as though it were not in operation and that is done by charging excess profit tax to cost. It means the collection from all the people, when the 60 per cent. excess profits tax rate has been reached, of a dollar unnecessarily in order that 40 per cent. may be added to divisible profit.

"And the excess profits tax or any other tax is not paid by the taxpayer. It is passed on, it must be passed on, in the price of the production to the purchaser of the product, and as it passes on and on it grows like a snowball rolling down hill until it reaches the public. And the public, whether represented by a railroad president, a skilled mechanic, a farmer, a merchant, a common laborer or financier, having had the composite tax bill of all his predecessors passed to him, raises the price of his own labor whether that labor be stored up labor in the form of capital, labor of the hands, or labor of the mind, to meet the new cost of living. So the distressing process having made a complete circle, it starts again, the endless spiral upward."

Opposed Tax When Suggested.

Mr. Colver explained that the Federal Trade Commission had disapproved the excess profits tax plan when it was suggested by Herbert Hoover, Food Administrator, on the theory that such taxes would correct certain situations arising out of the price fixing plans of the Food Administrator. On July 3, 1918, Mr. Colver wrote to the President on the subject. This was before the excess profits tax was incorporated in the revenue law.

"I stated then," said Mr. Colver, "that the Federal Trade Commission dissents wholly and entirely from this theory. Before excess profit taxes may be collected from business concerns excess profits must first be taken from the consuming public or from the Government in the form of inflated prices. It is not business, but the people, both as consumers and taxpayers and bond buyers, provide the money collected indirectly as excess profits taxes. Our understanding is that the excess profits tax was not a revenue device primarily but a device designed, first, to discourage profiteering and, second, to equalize any inequity which might be worked in the application of general price fixing rules, where, in order to secure production from high cost concerns, prices had been fixed so high as to give undue profits to low cost concerns. It is not our idea that prices should be fixed high so as to yield excess profits taxes.

"We dissent from the theory of taking back 30 or 50 or 60 or 80 cents from a dollar improperly taken from the people as consumers or from the Government. It is attempting to lift oneself by his bootstraps and losing 60 or 40 or 20 per cent. of the energy applied. A price structure built upon such a theory as this cannot and should not be tolerated by the people of the country.

"Aside from the impossibility of such a principle, viewed from the public standpoint, it has a vicious effect upon business itself. The effect shows itself in tax evasion, the worst of all in inviting and encouraging wasteful and extravagant operations. When a business reaches the point that its excess profits tax will operate to tax away a considerable part of its surplus earnings it inevitably is tempted, and in many cases the temptation has proved irresistible, to spend extraordinary sums in unnecessary expenditures. These take the form of advertising looking to the building up of present or future good will or of repairs and betterments not presently needed or made with an eye to the future and in anticipation of a return to peace time basis. Such an expenditure is made on the theory that out of every dollar so spent the Government must contribute unknowingly from 60 to 20 per cent. of the cost."

STATE TO PRESENT MEDAL TO SOLDIERS

Committee Accepts Design by Capt. C. J. Dieges.

ALBANY, Nov. 30.—The design of the medal to be presented by the State to the hundreds of thousands of New York State men who entered the service of the United States during the world war has been accepted by the committee having the matter in charge. The committee is composed of Gov. Smith, Adj.-Gen. Berry and William A. Saxton of the war records bureau. The medal was designed by Capt. Charles J. Dieges, formerly of the 102d Engineers, Twenty-seventh Division.

The face of the medal presents as its most prominent appeal the figure of a doughboy. Behind the soldier is a figure representing Liberty, Humanity and Democracy, draped in an American flag, and in the background the navy is represented by a fleet of vessels. The reverse shows the seal of the State in the upper center, relieved by a wreath of laurel and oak. The names of the countries in which United States soldiers fought are superimposed upon the entwined wreaths.

Local armories and the bureau of war records, Adjutant-General's office, this city, will be supplied with blanks on which applications for medals may be made.

PRESIDENTIAL BOOMS WILL ALL BE HEARD

Candidates or Proxies to Be on Hand in Pierre, S. D.

Special Dispatch to THE SUN.
PIERRE, S. D., Nov. 30.—Presidential candidates are taking a large interest in the State conventions of all parties to meet here on Tuesday, as it is the first convention which will pass on Presidential preferences for the next election. Senator Pundexter (Wash.), is coming in person, and Gov. Lowden of Illinois will be represented by State Treasurer Sterling of that State, with the forces of Major-General Wood being on hand to push the claims of their candidate.

Former Senator J. Hamilton Lewis of Illinois will be the main speaker for the Democratic list, as Attorney-General Palmer, who was on the schedule, wires his inability to attend.

Military Policeman Held as Slayer
Following the death of Private John Delisio, 25, whose home was at 478 President street, Brooklyn, Sergeant James R. Hurley of the military police at Camp Merritt is a prisoner charged with homicide at the Hoboken port of debarkation. It was learned yesterday. It is asserted that Delisio was a prisoner in the guardhouse and was shot while attempting with another to escape.

Men's Felt Slippers \$2

A Very Special Value!

With the softest of cushion-like soles. Colors: Blue, Oxford Grey, Brown and Khaki.

Second Floor.

Broadway

Saks & Company

at 34th St.

In the Heart of New York, Direct by Subway, Tube and "L"

Specially Arranged for Monday and Tuesday An Important Sale of Women's Fashionable Winter Coats Regularly \$110.00, at a clear saving of \$35



Coats of a most exclusive type for street wear, in straight line and ultra-smart belted models, superbly tailored in the most beautiful Winter fabrics loomed—Crystal Bolivia, Yalama Cloth, Tinseltone, and Frost Glow, with

Large Muffler or Shawl Collars of Taupe Nutria, Natural Raccoon and Australian Opossum.

Each coat handsomely silk lined and warmly interlined. All the wanted shades. Sizes 34 to 48. One style pictured.

\$75

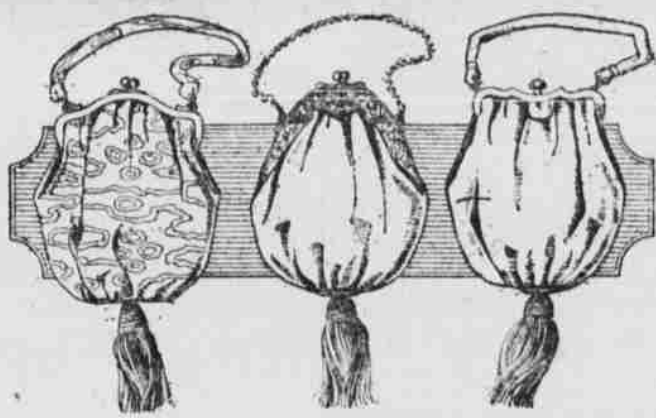


At \$55.00

Regularly \$85 and \$95. A clear saving of \$30 to \$40

A most uncommon collection of strictly tailored and fur-trimmed coats, in every wanted material. The model pictured is developed in Silvertip Chinchilla, a soft, rich-looking material now very much in Fashion's favor. Every wanted color, including Reindeer, Brown, Taupe, Copenhagen and Faisson.

At \$39.50 to \$195—A wonderful collection of plain tailored and fur-trimmed coats for extra large figures, requiring sizes 42½ to 52½ bust. Coats made expressly for the woman of large proportions, but possessing all the chic of the most charming models created for the woman of average size.



Unequaled!

Women's Velvet Bags

as pictured—today at

\$3.95

Smart Chiffon and Silk Velvet Bags, in the very newest models with self covered or Victory Silver frames. Lined with Silk Fleece, and may be had in Brown and Black. Three styles pictured.

Main Floor.

Exceptional Values!

Boys' Smart Suits

as pictured

At \$5



Carefully made suits for boys of 3 to 6 years. The blouse is of fine quality White or Tan Poplin, and the knickers of Navy Blue, Black or Brown Corduroy.

Early selection is advised, for this low price will be in effect only until our present stock is exhausted.

A Very Practical Gift
Blanket Bath Robes for Boys at \$2.50

Warm, comfortable Blanket Cloth Robes, in a large variety of youthful patterns. Carefully made and bound in contrasting color cord. Sizes 3 to 10 years.

Second Floor.



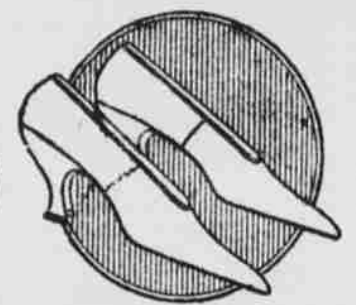
Women's Hand-Made

Silver Cloth Slippers

—Made to sell for \$15 a pair in an important sale

At

\$7.95



At

\$7.95

A well known New York shoe retailer recently placed a large order for these beautiful slippers, but through an error on the part of the manufacturer the order was duplicated. His loss is your gain—hence this truly remarkable sale.

Sizes 1½ to 8½, and widths AAA to C.

None Sent C. O. D., Exchanged or on Approval

Second Floor.

Women's Dainty Georgette Crepe Frocks

In an important sale today

At \$35

One of the most charming Frocks created for the Mid-Winter season, cleverly developed in good quality Georgette Crepe, richly beaded or hand embroidered.

Lined throughout with Jap-Silk, and may be had in the very modish shades of

Cocoa, Beige, Copenhagen Blue and Tan

Fourth Floor.



Men's Fitted Dressing Cases, \$8.50

Black Leather Dressing Cases, leather lined and fitted with military brushes, soap box, tooth brush holder, liquid bottle, mirror, comb and shaving stick.

For Immediate Disposal

195 Women's Winter Suits

Formerly \$59 to \$95

Reduced to \$47

The best opportunity for the selection of a really high-grade suit at a substantial reduction in price announced this season. The styles afford liberal selection in strictly tailor, beautifully embroidered, and handsome fur-trimmed effects, and the variety of materials is most unusual, including:

Duvet de Laine, Yalama, Suede, Broadcloth, Silvertone, Tinseltone, Tricotine, Full Wool, Velour Checks, Oxfords and Velveteen beautifully silk lined. Sizes from 34 to 50½ bust. Fourth Floor.

You Cannot Do Better Than

Select Your Fur Coat Today

While prices are at least 25% below those which must prevail later



There never was such a scarcity of fine pelts, nor were furs of every kind ever in such demand.

Since we assembled our present stock of fine fur coats prices have advanced at least 25%, affording a very liberal saving on any of the following coats, if you make your selection now!

We warrant all our fur garments to be of the very finest quality in material and workmanship—examples of the highest art in the making of fine fur garments.

- | | | |
|--|-----|-------|
| Hudson Seal Coats in smart sports model. Made of choice quality skins..... | Now | \$275 |
| Hudson Seal Coats in stunning sports model with collar and cuffs of Skunk or Beaver..... | Now | \$375 |
| Handsome Mole Coats with large collar and cuffs of Squirrel..... | Now | \$435 |
| Luxurious Mink Capes of dark silky skins, trimmed with tails and paws..... | Now | \$650 |
| Beautiful Caracul Coats with natural Squirrel Collar and cuffs..... | Now | \$250 |
| Natural Muskrat Coats in smart belted models, very suitable for Misses and Juniors..... | Now | \$175 |
| Exquisite Marmot Coats in 40-inch model with large natural Raccoon collar..... | Now | \$175 |
| Swagger French Seal Coats in 36-inch model..... | Now | \$175 |

Sixth Floor.



\$38.50 \$29.50 \$18.50 \$10.50

Gift Suggestions

From the Saks Jewelry Department

Very Reasonably Priced

- | | |
|--|---------|
| Men's 12-size 20-year Gold Filled Watches, with seven-jeweled lever movement..... | \$10.50 |
| Men's 14-Karat Solid Gold Knives in engine turned and hand-graved designs. Two blades..... | \$9.50 |
| Men's 14-Karat Solid Gold Belt Buckles in hammered or engine turned design..... | \$22.50 |
| Men's 14-Karat Solid Gold Cuff Links in new tapestry engraved effect, with the enamel work in Black, Navy Blue or White..... | \$12.50 |
| Women's 14-Karat Solid Gold Watches with Waltham movements. Ribbon bracelet style with gold dial..... | \$38.50 |
| Women's 14-Karat Solid Gold Watches with reliable 15 jewel movement, in hand-engraved case. Gold dial..... | \$29.50 |
| Women's 20-year Gold Filled Watches in ribbon bracelet style, with reliable 15-jewel movement..... | \$19.50 |
| Genuine Cornelian Cameo Brooches mounted on round, oval or octagon shape filigree, solid gold mounts..... | \$18.50 |

Main Floor.

Saks

CLOTHES OF CUSTOM QUALITY

IF, as you doubtless heard in your cradle, to err is human, then a very fair proportion of the clothing designers in the United States today are certainly human!

Without exception, the finest tailoring in America

Saks & Company
BROADWAY AT 34th STREET